

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10007 / January 21, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 76949 / January 21, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17062

In the Matter of

EDWARD H. SPIEGEL and
ARRG CORP.,

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), against Edward H. Spiegel (“Spiegel”) and ARRG Corp. (collectively with Spiegel, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds¹ that:

Summary

In three transactions from January to March 2011, ARRG, controlled by Spiegel, purchased and converted approximately \$193,000 of MusclePharm Corporation's ("MSLP") aged debt into 7.7 million MSLP securities and, in violation of Sections 5(a) and 5(c) of the Securities Act, immediately resold the securities into the public market, realizing unlawful profits of approximately \$338,000.

Respondents

1. ARRG Corp. is a private corporation incorporated in New York with its principal place of business in Huntington, New York. ARRG participated in offerings of MSLP stock, which was a penny stock (as defined under Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder) at the time of the offerings.

2. Edward H. Spiegel, 53, is located in Huntington, New York. He is the founder and sole member of ARRG. Spiegel, through ARRG, participated in offerings of MSLP stock, which was a penny stock at the time of the offerings.

Other Relevant Entity

3. MSLP is a Nevada corporation, based in Denver, Colorado, that manufactures and markets sports nutrition products. From 2010 to present, MSLP's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board.

Background

4. Spiegel created ARRG in 1999 as a private company. Spiegel is the sole person associated with ARRG.

5. From January to March 2011, Spiegel, through ARRG, participated in three transactions with MSLP, in which it purchased and converted approximately \$193,000 of MSLP's aged debt into approximately 7.7 million MSLP securities. No registration statement was filed or in effect for any of the MSLP securities ARRG received and sold. Spiegel signed all documents related to the MSLP transactions as President of ARRG.

¹ The findings herein are made pursuant to Respondents' Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

6. On January 25, 2011, ARRГ entered into a debt settlement agreement with an MSLP vendor whereby ARRГ purchased \$82,811 of MSLP’s outstanding debt, which was evidenced by an invoice. On January 26, 2011, ARRГ entered into a debt settlement agreement with MSLP that contained a conversion feature (at a discount to the market price), which did not exist in the original debt. That same day, ARRГ submitted a notice of conversion. ARRГ received 3,312,435 MSLP shares as a result of this transaction and sold all shares within approximately one month.

7. On February 28, 2011, ARRГ entered into a debt settlement agreement with a MSLP debt holder whereby ARRГ purchased \$62,500 of MSLP’s outstanding debt, which was evidenced by a non-convertible promissory note. On February 28, 2011, ARRГ entered into a debt settlement agreement with MSLP that contained a conversion feature (at a discount to the market price), which did not exist in the original debt. That same day, ARRГ submitted a notice of conversion. ARRГ received 2,500,000 MSLP shares as a result of this transaction and sold all shares within approximately one month.

8. On March 29, 2011, ARRГ entered into a debt settlement agreement with a MSLP vendor whereby ARRГ purchased \$47,627 of MSLP’s outstanding debt, which was evidenced by an invoice. On March 29, 2011, ARRГ entered into a debt settlement agreement with MSLP that contained a conversion feature (at a discount to the market price), which did not exist in the original debt. That same day, ARRГ submitted a notice of conversion. ARRГ received 1,905,096 MSLP shares as a result of this transaction and sold all shares within approximately one month.

9. ARRГ, as a result of its immediate resale of the MSLP securities, was a statutory underwriter and no exemption to the registration requirements was applicable to ARRГ’s resales of the MSLP securities.

10. Spiegel had sole control over ARRГ’s brokerage accounts and made all decisions regarding selling the MSLP securities. Spiegel and ARRГ used means of interstate commerce in connection with the unregistered offers and sales. ARRГ received \$337,601 in profits from the sales of the MSLP securities received in the three transactions.

11. As a result of the conduct described above, Respondents willfully² violated Sections 5(a) and 5(c) of the Securities Act. Section 5(a) of the Securities Act prohibits the direct or indirect sale of securities through the mail or interstate commerce unless a registration statement is in effect. Section 5(c) prohibits the direct or indirect offer for sale of securities through the mail or interstate commerce unless a registration statement has been filed.

IV.

² A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

In view of the foregoing, the Commission deems it appropriate and in the public interest, to impose the sanctions agreed to in Respondents' Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Section 15(b) of the Exchange Act, it is hereby ORDERED that:

A. Respondents ARRG and Spiegel cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Respondents ARRG and Spiegel hereby are:

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, with the right to apply for reentry after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Respondents shall, within 10 days of the entry of this Order, pay, jointly and severally, disgorgement of \$337,601, prejudgment interest of \$50,652, and a civil penalty in the amount of \$22,500 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying ARRG and Spiegel as a Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Thomas J. Krysa, Division of Enforcement, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary